

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 AID-05 COME-00 OMB-01

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DRAFTED BY ARA/ECP:RTAYLOR;PAM

APPROVED BY ARA/ECP:SHROGERS

EB/IFD/OMA:GPBALABANIS

TREASURY:BNEWMAN (DRAFT)

ARA/CAR:JTHYDEN

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R 120051Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN

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E.O. 11652:N/A

TAGS:EFIN, IMF, GJ

SUBJECT:GRENADA'S IMF POSITION

REFERENCE: (A) 76 BRIDGETOWN 242, (B) 76 STATE 040066,

. . . (C) 76 STATE A-1163

1. GRENADA'S IMF QUOTA IS SDR 2 MILLION. IT HAS PRESENTLY DRAWN 50 PERCENT OF THIS QUOTA (.5 MILLION FROM THE GOLD TRANCHE AND .5 MILLION FROM THE FIRST CREDIT TRANCHE). BECAUSE OF TEMPORARY 45 PERCENT WIDENING OF IMF CREDIT TRANCHE (SEE REF B), GRENADA MAY APPLY TO DRAW AN ADDITIONAL SDR .225 MILLION UNDER RELATIVELY EASY FIRST CREDIT TRANCHE CONDITIONS. ANY DRAWINGS IN EXCESS OF THIS AMOUNT WOULD REQUIRE ACCEPTANCE OF THE TOUGHER POLICY CONDITIONALITY APPLICABLE TO BORROWINGS FROM THE HIGHER CREDIT TRANCHE.

2. ANOTHER POSSIBLE SOURCE OF IMF ASSISTANCE IS THE FACILITY FOR COMPENSATORY FINANCING OF EXPORT FLUCTUATIONS.

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GRENADA COULD DRAW UP TO 50 PERCENT OF ITS QUOTA (SDR 1

MILLION) DURING ANY 12 MONTH PERIOD TO MEET BALANCE OF PAYMENTS NEEDS RESULTING FROM A SHORTFALL IN EXPORT EARNINGS OF A SHORT-TERM CHARACTER ATTRIBUTABLE TO CIRCUMSTANCES BEYOND ITS CONTROL.

3. GRENADA COULD ALSO BE ELIGIBLE TO OBTAIN FINANCING FROM THE TRUST FUND WHICH WILL BE ESTABLISHED THIS YEAR TO PROVIDE BOP ASSISTANCE TO THE POOREST COUNTRIES ON CONCESSIONAL TERMS. THE DETAILED ARRANGEMENTS FOR ESTABLISHING THE TRUST FUND ARE CURRENTLY BEING WORKED OUT BY THE IMF EXECUTIVE DIRECTORS AND IT IS THEREFORE NOT POSSIBLE TO DETERMINE THE AMOUNT AND TERMS OF FINANCING THAT GRENADA MIGHT BE ABLE TO OBTAIN.

4. GRENADA HAS EXHAUSTED ITS CURRENT ACCESS TO THE 1975 OIL FACILITY. FOLLOWING MARCH 12, THE EXECUTIVE DIRECTORS WILL BE DETERMINING WHETHER THE AVAILABILITY OF RESOURCES WILL PERMIT ADDITIONAL ACCESS. KISSINGER

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